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FM AMEMBASSY JAKARTA  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9110  
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY  
RUEHBY/AMEMBASSY CANBERRA 2556  
RUEHLM/AMEMBASSY COLOMBO 1027  
RUEHKA/AMEMBASSY DHAKA 0979  
RUEHNE/AMEMBASSY NEW DELHI 1876  
RUEHKO/AMEMBASSY TOKYO 2019  
RUEHWL/AMEMBASSY WELLINGTON 2683  
RUEHHK/AMCONSUL HONG KONG 2695  
RUEHBD/AMCONSUL PERTH 0828  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEAWJA/DEPT OF JUSTICE WASHDC  
RUEKJCS/SECDEF WASHDC  
RHHJJPI/USPACOM HONOLULU HI  
RHEHNSC/NSC WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 001032

SIPDIS

DEPT FOR EAP, EAP/MTS, EAP/MLS, DS/IP  
NSC FOR E. PHU

E.O. 12958: DECL: 05/27/2018  
TAGS: [PGOV](#) [PINS](#) [ASEC](#) [ID](#)  
SUBJECT: FUEL PRICE HIKE SPARKS DEMONSTRATIONS, BUT  
SITUATION UNDER CONTROL SO FAR

REF: JAKARTA 1023 AND PREVIOUS

Classified By: Pol/C Joseph Legend Novak, reasons 1.4 (b+d).

[1](#)1. (C) SUMMARY: The GOI announced fuel price hikes of roughly 30 percent early May 24. In a bid to cushion the blow, the government began a cash transfer payment program to poor families later that day. The price hike sparked some demonstrations by students and there were some arrests, but there was little violence. At this point, the GOI seems to have the situation under control, though students are planning more demonstrations. END SUMMARY.

FUEL PRICE HIKE

[1](#)2. (SBU) At 12:01am on May 24, the GOI officially raised the price of fuel by an average of 28.7% throughout the country. Though expected, the rise in prices and the timing of implementation had been agreed to by President Yudhoyono and the rest of his Cabinet only earlier that evening. With owners trying to get lower prices before the hikes took effect, vehicles crowded gas stations in various parts of the country as soon as the timing of the price hike was announced by the government.

[1](#)3. (U) As part of its roll-out plan, the government had created various initiatives to help alleviate the negative effects of the fuel price hike on poorer families. As part of this program, the government began dispersing direct cash payments to poor families on May 24.

SOME DEMONSTRATIONS

[1](#)4. (SBU) The price hike sparked some demonstrations by students. A small rally took place at the National University in Jakarta to protest the GOI's decision early on May 24. At some point the demonstrators began throwing rocks and police entered the campus to calm the situation. In the ensuing struggle to control the situation, the INP detained 140 students but actually arrested only about 30. Student representatives from the university marched to the Parliament (DPR) building on May 26 to demand the release of the

detained students, accusing police of using excessive force during the arrests.

15. (SBU) There were some other protests in Jakarta, including one at a local Christian university. Some of these protests led to blocked roads, etc., but little by way of violence. There were also some demonstrations in cities around the country, but nothing major.

16. (SBU) In addition to the rallies, public minivan drivers and some bus drivers in Jakarta went on strike May 24 to demand that the GOI raise ride fares to cover the increase in the price of fuel for their vehicles. Some residents of Jakarta and its suburbs were forced to find other forms of transportation to get to their jobs and schools. Some bus drivers in Semarang, Central Java, and Makassar, South Sulawesi, also went on strike to protest the rise in fuel prices.

QUIET FOR NOW, BUT NOT AN ALL CLEAR

17. (C) Based on our soundings, GOI contacts seem confident about the situation in the aftermath of the fuel price hike. There had been some real fears of violence, though those concerns have not panned out so far. The government, wisely, remains on the watch given that demonstrators are planning more street action.

18. (C) Over all, while they do not appear charged up about the situation at this time, the average Indonesian cannot be

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said to be happy. Rises in food and fuel prices are taking bites out of peoples' wallets and this is taking a toll on the Yudhoyono administration's popularity. Whatever its fiscal merits, however, the GOI's cash transfer program for the poor seems to be a political success.

HEFFERN